



My name is Maude Hurd, and I am the national President of ACORN, the Association of Community Organizations for Reform Now.

I would like to thank the FDIC for the opportunity to testify today and thank you for holding these hearings on this important topic.

ACORN is the nation's largest grassroots community organization with over 175,000 member families organized into 850 neighborhood chapters in more than 90 cities across the country.

For over two decades, ACORN members have worked to end redlining and bank discrimination and to win greater reinvestment in our communities. We have negotiated community reinvestment agreements and developed partnerships with some of the nation's largest banks and have designed programs with some of the nation's smallest banks.

We also started a separate program, ACORN Housing, to provide homebuyer education and counseling and to help low and moderate income and minority families access and qualify for these special programs. We have now directly helped over 50,000 families achieve their dream and purchase a home.

ACORN opposes Wal-Mart's efforts to start its own bank, and we urge the FDIC to reject Wal-Mart's application for a charter and deposit insurance protection. The formation of a Wal-Mart bank would have a negative impact on our communities for several reasons.

First of all, Wal-Mart has a history of draining resources from local communities. For any given Wal-Mart SuperCenter, the amount of annual taxpayer subsidies they receive is higher than the total of all property taxes and store licensing fees they pay. Although Wal-Mart boasts about its charitable contributions in order to take attention away from its employment practices, these taxpayer subsidies are still much greater than the company's contributions. Wal-Mart in effect requires that taxpayers subsidize its operation.

Wal-Mart's failure to care for its workers is also a drain on public resources. Because Wal-Mart pays such low wages and fails to offer affordable and comprehensive health coverage, taxpayers must subsidize Wal-Mart by meeting the basic needs of Wal-Mart workers and their families through public assistance programs. In many states, Wal-Mart has the highest number of employees and family members dependent on Medicaid and the Children's Health Insurance Program of any employer in the state.

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Wal-Mart stores also hurt local businesses. A 1995 Iowa study showed that since Wal-Mart's entry into the state in 1983, 50% of clothing stores, 30% of hardware stores, 42% of variety stores, 26% of department stores, and 25% of building materials stores had closed. When Wal-Mart opens on the outskirts of town, Main Street closes, as local small businesses are unable to compete with Wal-Mart's pricing power. Local banks are now faced with a similar threat. A Wal-Mart Bank would threaten the viability of local banks in order to boost its own bottom line.

Wal-Mart also has a long record of failing to abide by the law. Wal-Mart is currently implicated in the largest employment discrimination class action lawsuit in U.S. history, consisting of 1.6 million current and former female Wal-Mart employees. Wal-Mart also faces several class-action lawsuits alleging racial bias, both for employment discrimination and for racial profiling of customers.

We ask that the FDIC delay any consideration of Wal-Mart's application until it has conducted a complete and thorough examination of these legal proceedings. The FDIC must be convinced that adequate procedures have been put in place by the applicant to ensure that the kind of discriminatory practices alleged in the applicant's other business lines will not be carried over to or adopted by its proposed financial institution.

It is clear that Wal-Mart will try to avoid Community Reinvestment Act responsibilities in any way that they can. This is obvious from their application when they tried to do an end run around the CRA and argue that the proposed Wal-Mart Bank should be exempt from the law.

Wal-Mart tried to say that they did not have to abide by the CRA, since a Wal-Mart Bank would only be providing "selected core banking services" and not making loans. In other words, a Wal-Mart Bank would drain resources from the local banks that do play by the rules and invest in their communities.

Wal-Mart's recent about-face on this issue should be seen for what it is – a calculated and cynical move to stem community criticism and gain approval for their application.

A simple review of Wal-Mart's track record shows that this is a company with a history of mistreating communities and workers and of shirking its responsibilities as a corporate citizen. Thus, even though Wal-Mart now says that it will comply with the CRA, there is every reason to suspect that this is mere lip service.

Throughout its 36-year history, ACORN members have seen first-hand how the CRA has played a vital role in meeting the financial needs of underserved communities. Wal-Mart drains resources from the very communities that the CRA was enacted to bolster. Therefore, we strongly encourage the FDIC to deny Wal-Mart the opportunity to drain further resources from our neighborhoods. Wal-Mart should not be allowed to form a bank until it makes a good-faith effort to show that any such institution would meaningfully serve the local credit and financial service needs of any community from which it proposes to siphon revenues and that it would truly invest resources back into improving these communities rather than just continuing to line the pockets of Wal-Mart executives.

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